

EXHIBIT 1**Exhibit B****Statement of Facts**

Defendants Gree Electric Appliances, Inc. of Zhuhai ("Gree Zhuhai"), Gree USA, Inc. ("Gree USA"), and Hong Kong Gree Electric Appliances Sales Co., Ltd. ("Gree Hong Kong") (collectively the "Gree Companies") hereby agree and stipulate that the following information is true and accurate. The Gree Companies admit, accept, and acknowledge that they are responsible for the acts of their officers, directors, employees, and agents as set forth below. The Gree Companies also admit, accept, and acknowledge that, had this matter proceeded to trial, the government would have proven beyond a reasonable doubt, by admissible evidence, the facts set forth below.

The Gree Companies

1. From 2007 to September 2013, Gree Zhuhai was a large Chinese company that manufactured household appliances ("Gree appliances") for sale in and outside of China, including in the United States.

2. From 2007 to September 2013, Gree Hong Kong was a Chinese subsidiary of Gree Zhuhai that exported Gree appliances to the United States.

3. From 2010 to September 2013, Gree USA was a California corporation with offices in City of Industry, California, and a subsidiary of Gree Hong Kong. Gree USA sold Gree appliances to retailers in the United States. Those Gree appliances were manufactured by Gree Zhuhai and imported into the United States by Gree Hong Kong and Gree USA. Gree USA was a joint venture between Gree Hong Kong and another company, MJC America Holdings Co., Inc. ("MJC America Holdings"). Gree Hong Kong was the majority owner of

1 Gree USA. Gree USA's Chief Executive Officer ("CEO"), Chief
2 Financial Officer ("CFO"), who was the brother of Gree USA's CEO,
3 and Chief Administrative Officer ("CAO") were owners of MJC America
4 Holdings. Gree USA's CEO, CFO and CAO effectively controlled Gree
5 USA.

6 4. From 2010 to September 2013, Gree USA sold in the United
7 States dehumidifiers manufactured by Gree Zhuhai and imported into
8 the United States by Gree Hong Kong ("Gree dehumidifiers").

9 The Consumer Product Safety Commission and
10 the Consumer Product Safety Act

11 5. The Consumer Product Safety Act (the "CPSA") was enacted to
12 protect the public from dangerous consumer products.

13 6. The United States Consumer Product Safety Commission (the
14 "CPSC") is the federal agency responsible for protecting consumers
15 from dangerous consumer products and is the lead federal agency
16 responsible for the implementation, enforcement, and administration
17 of the CPSA. The CPSC can order mandatory recalls of dangerous
18 products.

19 7. The CPSA requires companies that manufacture, import,
20 distribute, or sell consumer products to inform the CPSC, among
21 other things, about any consumer product about which information
22 reasonably supports the conclusion that such product contains a
23 defect that could create a substantial product hazard, or creates an
24 unreasonable risk of serious injury or death. This duty to report
25 also applies to the individual directors, officers, and agents of
26 those companies. A company's or an individual's knowing and willful
27 failure to report an unsafe product to the CPSC is punishable as a
28 felony violation of the CPSA.

1 The Gree Companies Learn that Their Dehumidifiers
2 Are Catching Fire

3 8. On or about July 26, 2012, the CEO of Gree USA saw a video
4 of a burning Gree dehumidifier. On July 26, 2012, Gree USA's CEO
5 sent the video to a Gree Hong Kong manager ("Gree Hong Kong Manager
6 #1"), who was also a director of Gree Hong Kong and in charge of
7 exporting Gree appliances for sale in the United States, copying
8 other Gree USA employees and a Gree Zhuhai employee. In sending the
9 video, Gree USA's CEO labeled the email "urgent," and said that the
10 video was "scarey [sic] to just watch" and a "very serious issue
11 with GREE product quality." Gree USA's CEO also stated that the
12 video was the third reported instance of a Gree appliance catching
13 fire since in or about June 2012 and that it could lead to lawsuits
14 against Gree USA as well as a recall costing millions of dollars.
15 Gree USA's CEO knew that the Gree Companies had an obligation to
16 inform the CPSC immediately of any consumer product that contained a
17 defect creating a substantial product hazard or that created an
18 unreasonable risk of serious injury or death.

19 9. Gree Hong Kong Manager #1, replied to the July 26, 2012
20 email from Gree USA's CEO that same day. In his reply email, Gree
21 Hong Kong Manager #1 said that "[w]e also felt shock when we watched
22 the video[,] " and that he had sent the video to Gree Zhuhai's
23 Quality Department and to Gree Zhuhai's chief engineer who was also
24 its senior vice president for research and development.

25 The Gree Companies Learn that Two Defects in
26 Their Dehumidifiers are Causing Them to Catch Fire

27 10. During August 2012, Gree USA and Gree Zhuhai employees,
28 engineers and officers investigated the Gree dehumidifiers for

1 potential defects that could cause them to catch fire. No employee
2 of Gree USA or Gree Zhuhai informed the CPSC of a defect or risk
3 associated with the Gree dehumidifiers in August 2012.

4 11. On September 4, 2012, Gree USA's CEO emailed Gree Hong Kong
5 Manager #1 about the Gree dehumidifiers. The CEO stated that Gree
6 USA had tested its dehumidifier inventory in Gree USA's warehouse
7 and the testing showed that these dehumidifiers burned. The CEO
8 stated "the result is not like what you have told us" regarding how
9 many units were involved because "the result shows the units all can
10 catch the fire and apparently the material is not according to UL
11 standard! I don't think the factory is telling us the fact and
12 truth. . . ." The CEO stated that, because of Gree USA's test
13 results, he would have the dehumidifiers further tested for
14 compliance with UL (formerly Underwriters Laboratory) standards and
15 was planning to inform the CPSC about the Gree dehumidifiers.

16 12. On September 5, 2012, Gree Hong Kong Manager #1 emailed
17 Gree USA's CEO instructing "Gree USA to resolve the claim and CPSC
18 case" and stating that Gree Zhuhai would "fully indemnify Gree USA
19 for any expense and responsibility." That same day, Gree USA's CEO
20 replied and requested more details regarding who would pay the costs
21 that could result from the Gree dehumidifiers and when they would
22 pay, and offered to handle reporting the Gree dehumidifiers to the
23 CPSC if Gree Zhuhai would agree to pay all future costs related to
24 the dehumidifiers' defects. Gree Hong Kong Manager #1 replied on
25 September 6, 2012, stating that they were willing to agree to
26 compensate expenses in a timely manner and that Gree USA "would be
27 the single entity to reply insurance company and CPSC, [and] we will
28 provide the necessary supports of test records and technical

1 information if you need any." After these communications, no one
2 from the Gree Companies informed the CPSC about the Gree
3 dehumidifiers or their defects.

4 13. On September 10, 2012, Gree USA's CEO emailed the highest
5 ranking person at Gree Zhuhai, the chairperson of Gree Zhuhai's
6 board who also served as Gree Zhuhai's President and CEO, copying no
7 one else from Gree Zhuhai or Gree Hong Kong. In this email, Gree
8 USA's CEO stated that "GREE headquarters" had told him not to report
9 the Gree dehumidifiers to the CPSC. Specifically, the Gree USA CEO
10 stated that "GREE headquarters" had told him not to report that the
11 Gree dehumidifiers may be defective and catch on fire and that they
12 might have overheating parts and plastic parts that could burn
13 because the plastic did not meet the UL standard for fire
14 resistance. Gree USA's CEO warned in his email that any company or
15 individual who withheld from the CPSC information about a dangerous
16 product could face severe punishment, including criminal
17 prosecution. Gree USA's CEO asked how Gree Zhuhai would pay future
18 costs related to the Gree dehumidifiers, including any potential
19 harm to MJC America Ltd. ("MJC America"), a company owned by Gree
20 USA's CEO, CFO and CAO which also sold the defective Gree
21 dehumidifiers. Gree USA's CEO stated that if Gree Zhuhai did not
22 give him clear instructions on how to handle the Gree dehumidifiers
23 within a matter of days, then he would inform the CPSC about the
24 dehumidifiers. No one replied to this email.

25 14. On September 13, 2012, Gree USA's CEO sent another email to
26 Gree Hong Kong Manager #1. In this email, Gree USA's CEO discussed
27 how a recall of the defective Gree dehumidifiers might be handled
28 and attached the CPSC's "Recall Handbook." Gree USA's CEO also

1 discussed the financial costs and lost sales that could result from
2 a recall. He did not express any consideration or concern about how
3 defective Gree dehumidifiers could harm consumers. Gree USA's CEO
4 asked Gree Hong Kong Manager #1 to forward this email to Gree
5 Zhuhai's chief engineer.

6 15. On September 19, 2012, Gree Hong Kong Manager #1 came to
7 Gree USA's offices in City of Industry, California, to meet with
8 Gree USA's CEO. A Gree Zhuhai engineer and three other Gree USA
9 officers also participated in the meeting. This meeting was audio
10 recorded by agreement.

11 16. At this September 19 meeting, Gree Hong Kong Manager #1
12 stated that Gree Zhuhai's testing of the Gree dehumidifiers was not
13 able to reproduce the reported fire, but had revealed two defects:
14 (1) the dehumidifiers used plastics that did not meet UL standards
15 for fire resistance; and (2) electrical arcing caused by the
16 dehumidifiers' compressors overheating could burn the non-UL
17 standard plastic used in these dehumidifiers. The Gree Zhuhai
18 engineer at the meeting also discussed these defects. Gree Hong
19 Kong Manager #1 stated that he was aware of at least five consumer
20 reports of Gree dehumidifiers overheating and catching fire but that
21 Gree Zhuhai "still believe[d] that the fire case is a relatively
22 isolated case . . . associated with atrocious conditions." He also
23 stated that Gree Zhuhai would modify the manufacture of all future
24 dehumidifiers to fix this problem so they would not catch fire.

25 The Gree Companies Decide To Delay Reporting and Recalling
26 Their Defective Dehumidifiers

27 17. At this same September 19 meeting, Gree Hong Kong Manager
28 #1 said that the meeting participants' decisions on what to do about

1 the Gree dehumidifiers should be guided by the principle of
2 minimizing the costs and loss of reputation to the Gree Companies.
3 Gree Hong Kong Manager #1 said that Gree Zhuhai wanted to delay any
4 recall of the dehumidifiers for 6 to 9 months because delaying a
5 recall would reduce the recall's effect on Gree dehumidifier sales.
6 Gree Hong Kong Manager #1 stated that an immediate recall would have
7 a significant, and negative, effect on 2012 and 2013 Gree
8 dehumidifier sales. Gree Hong Kong Manager #1 stated that a recall
9 could be delayed 6 to 9 months because cooler fall and winter
10 temperatures would help prevent Gree dehumidifiers from overheating
11 and catching fire, and that there should be very few, if any,
12 dehumidifier fires in the 6 to 9 months following September 2012.

13 18. In response to what Gree Hong Kong Manager #1 said, Gree
14 USA's CEO said at the meeting that the Gree dehumidifiers' defects
15 were very significant and had important legal implications. But the
16 Gree USA CEO did not push to inform the CPSC of the dehumidifiers.
17 Rather, Gree USA's CEO recommended only that the Gree Companies have
18 another company test the Gree dehumidifiers and then decide whether
19 to delay the recall. Gree Hong Kong Manager #1 responded by urging
20 the Gree USA officers not to conduct such a test of the Gree
21 dehumidifiers because that test would show that the dehumidifiers
22 used plastic that did not meet UL standards for fire resistance.
23 Gree USA's CEO said that the Gree USA officers understood what Gree
24 Zhuhai was asking them to do and needed time to think before making
25 a decision about how to proceed.

26 19. Two days after the September 19, 2012 meeting, Gree USA's
27 CEO sent an email to Gree Zhuhai's chief engineer and copied the
28 email to Gree Zhuhai's board chairperson. In his September 21, 2012

1 email, Gree USA's CEO said that he understood that Gree Zhuhai
2 wanted to delay a recall of the Gree dehumidifiers for 6 to 9
3 months. Gree USA's CEO also said that he thought that the Gree
4 dehumidifiers were still likely to catch fire, and that, after
5 careful consideration, Gree USA's officers had decided to report the
6 Gree dehumidifiers to the United States government.

7 20. The next day, Gree Zhuhai's chief engineer replied to the
8 September 21, 2012 email from Gree USA's CEO without copying Gree
9 Zhuhai's board chairperson. In his September 22, 2012 email, Gree
10 Zhuhai's chief engineer said that Gree Zhuhai had clearly expressed
11 its opinion about how to handle the defective Gree dehumidifiers,
12 and that he hoped Gree USA's CEO would follow that opinion. Gree
13 Zhuhai's chief engineer said that he had no authority to approve
14 what Gree USA's CEO proposed in his September 21, 2012 email and
15 that he hoped Gree USA's CEO would report his decision on how to
16 handle the defective Gree dehumidifiers to Gree Zhuhai's board
17 chairperson and listen to her opinion.

18 21. On September 28, 2012, Gree USA's CEO sent an email to Gree
19 Zhuhai's board chairperson, copying no one else from Gree Zhuhai or
20 Gree Hong Kong. In his email, Gree USA's CEO stated again that
21 Gree's dehumidifiers had two known defects: (1) the compressors in
22 the dehumidifiers could overheat; and (2) the plastic in the
23 dehumidifiers did not meet UL standards for fire resistance, meaning
24 that the plastic would burn when overheated. Gree USA's CEO said
25 that it was known that these two defects could cause the
26 dehumidifiers to catch fire and that there were numerous consumer
27 complaints about the dehumidifiers in fact catching fire. Gree
28 USA's CEO also said that the Gree Companies had sold millions of

1 these defective dehumidifiers. Gree USA's CEO further related that
2 he believed the Gree Companies should recall the dehumidifiers and
3 warn consumers that using them could result in personal injuries and
4 property damage, but that Gree Zhuhai had not agreed to a recall.
5 Gree USA's CEO warned that a recall could cost hundreds of millions
6 of dollars, would harm the reputation of Gree products, and would
7 reduce the Gree Companies' market share. But Gree USA's CEO also
8 warned that if Gree Zhuhai did not reach an agreement with Gree USA
9 on the recall of the dehumidifiers, then Gree USA unilaterally would
10 report the Gree dehumidifiers to the United States government. Gree
11 USA's CEO concluded his email by saying that this was a very
12 important and urgent matter. Neither Gree Zhuhai's board
13 chairperson nor anyone else at Gree Zhuhai replied to this email.

14 22. Despite the Gree USA's CEO's September 4, 10, 21, and 28,
15 2012 emails, no employee of the Gree Companies reported the Gree
16 dehumidifiers' defects or risks, or the known consumer complaints of
17 fires related to the dehumidifiers, to the CPSC in September 2012.

18 23. In September 2012, Gree USA sold at least 24,999 defective
19 Gree dehumidifiers to retailers in the United States for
20 approximately \$2,558,019. The Gree Companies knew that the
21 retailers wanted dehumidifiers that met all UL standards and did not
22 burn when overheated. The Gree Companies knew that Gree USA
23 represented to its retailers that the Gree dehumidifiers met all UL
24 standards. Gree USA's CEO, CFO and CAO knew that Gree USA's
25 representations that these Gree dehumidifiers met all UL standards
26 were false when these dehumidifiers were sold.

The Gree Companies Continue to Sell
Their Defective Dehumidifiers in the United States
Without Reporting Them to the CPSC

24. On October 19, 2012, a sales representative for Gree USA met in person with Gree Zhuhai's board chairperson in China. During this meeting, the sales representative discussed the defective Gree dehumidifiers with Gree Zhuhai's board chairperson. Gree Zhuhai's board chairperson said that she would send a new Gree Hong Kong manager ("Gree Hong Kong Manager #2") to the United States to address the problems associated with the dehumidifiers.

25. In October 2012, Gree USA sent to Gree Zhuhai new consumer reports of fires related to the Gree dehumidifiers. These reports contradicted Gree Hong Kong Manager #1's statements at the September 19 meeting that a recall could be delayed 6 to 9 months because cooler fall and winter temperatures would help prevent dehumidifiers from overheating and catching fire and that there should be very few, if any, dehumidifier fires in the 6 to 9 months following September 2012. Despite these new consumer reports of fires caused by Gree dehumidifiers, no employee of the Gree Companies informed the CPSC about the dehumidifiers' defects or risks in October 2012.

26. In October 2012, Gree USA sold at least 2,938 defective Gree dehumidifiers to retailers in the United States for approximately \$429,426. The Gree Companies knew that the retailers wanted dehumidifiers that met all UL standards and did not burn when overheated. The Gree Companies knew that Gree USA represented to its retailers that the Gree dehumidifiers met all UL standards. Gree USA's CEO, CFO and CAO knew that Gree USA's representations

1 that these Gree dehumidifiers met all UL standards were false when
2 these dehumidifiers were sold.

3 The Gree Companies Receive Another Test Report Showing
4 That Their Dehumidifiers are Defective and Dangerous

5 27. In late October 2012, Gree USA sent two Gree dehumidifiers
6 to an independent testing company for testing. On November 5, 2012,
7 the testing company wrote a report confirming and reiterating that
8 the Gree dehumidifiers were defective because the compressors in the
9 dehumidifiers could run continuously and thereby overheat to an
10 "extreme high temperature." Gree USA's CEO received this report on
11 November 6, 2012. Gree USA's CEO immediately sent the report to
12 Gree Hong Kong Manager #2, who had taken over responsibility for the
13 importation and sale of the Gree dehumidifiers in the United States
14 from Gree Hong Kong Manager #1.

15 The Gree Companies Continue to Sell
16 Their Defective Dehumidifiers in the United States
17 Without Reporting Them to the CPSC

18 28. At the end of November 2012, Gree USA's CEO told Gree Hong
19 Kong Manager #2 that an attorney advised him to inform the CPSC
20 immediately of all consumer reports of fires related to the Gree
21 dehumidifiers. Despite this legal advice and the November 5, 2012
22 test report reiterating that the Gree dehumidifiers were dangerously
23 defective, no employee of the Gree Companies informed the CPSC about
24 the dehumidifiers' defects, risks, or reported fires in November
25 2012.

26 29. In November 2012, Gree USA sold at least 6,817 defective
27 Gree dehumidifiers to retailers in the United States for
28 approximately \$792,067. The Gree Companies knew that the retailers

1 wanted dehumidifiers that met all UL standards and did not burn when
2 overheated. The Gree Companies knew that Gree USA represented to
3 its retailers that the Gree dehumidifiers met all UL standards.
4 Gree USA's CEO, CFO and CAO knew that Gree USA's representations
5 that these Gree dehumidifiers met all UL standards were false when
6 these dehumidifiers were sold.

7 The Gree Companies Have Yet Another Meeting to Discuss
8 Their Defective Dehumidifiers But Still Do Not Inform the CPSC

9 30. On December 18, 2012, Gree USA's CEO and another Gree USA
10 officer went with an attorney to Hong Kong to meet with Gree Hong
11 Kong Manager #2, a Gree Zhuhai engineer, Gree Zhuhai's Chief
12 Financial Officer ("CFO") and three attorneys representing Gree
13 Zhuhai. At this meeting, Gree USA's CEO discussed the November 5,
14 2012 test report with Gree Hong Kong Manager #2, the Gree Zhuhai
15 engineer and the Gree Zhuhai CFO. Gree Hong Kong Manager #2, the
16 Gree Zhuhai engineer and the Gree Zhuhai CFO told Gree USA's CEO
17 that Gree Zhuhai would test the Gree dehumidifiers and let him know
18 the results of their testing.

19 31. No employee of the Gree Companies informed the CPSC about
20 the dehumidifiers' defects, risks, or reported fires in December
21 2012.

22 32. In December 2012, Gree USA sold at least 1,395 defective
23 Gree dehumidifiers to retailers in the United States for
24 approximately \$201,835. The Gree Companies knew that the retailers
25 wanted dehumidifiers that met all UL standards and did not burn when
26 overheated. The Gree Companies knew that Gree USA represented to
27 its retailers that the Gree dehumidifiers met all UL standards.
28 Gree USA's CEO, CFO and CAO knew that Gree USA's representations

1 that these Gree dehumidifiers met all UL standards were false when
2 these dehumidifiers were sold.

3 The Gree Companies Decide to Keep Selling
4 Their Defective Dehumidifiers in the United States
5 Without Reporting Them to the CPSC

6 33. On January 23, 2013, a Gree USA officer sent an email to
7 Gree Hong Kong Manager #2. The email stated that Gree USA's and MJC
8 America's insurance company suggested that Gree USA report the Gree
9 dehumidifiers to the CPSC and recall all of the defective Gree
10 dehumidifiers. The email also stated that the insurance company
11 "wanted to know if any actions were taken to test the product design
12 in case it is defective" and was told that "the product was
13 submitted to several different testing and no faulty [sic] in the
14 design was found[,] also that new production has an extra
15 protection[.]" The Gree USA officer further reported in her email
16 that Gree USA had received a new consumer report of a dehumidifier
17 fire and asked how Gree USA should handle this report.

18 34. Also on January 23, 2013, Gree Zhuhai told Gree USA in
19 writing that it had tested its dehumidifiers and that they were not
20 defective and could be sold in the United States. Gree Zhuhai did
21 not provide Gree USA with any details on its testing or explain the
22 inconsistency in its test results with those of all prior tests of
23 the Gree dehumidifiers.

24 35. Despite the recommendation of Gree USA's insurance company
25 to report the Gree dehumidifiers to the CPSC and recall the
26 defective Gree dehumidifiers, and the new consumer report of fire,
27 no employee of the Gree Companies informed the CPSC about the
28

1 dehumidifiers' defects, risks, or reported fires in January or
2 February 2013.

3 36. Gree USA sold at least 7,609 and 29,857 defective Gree
4 dehumidifiers in January and February 2013, respectively, to
5 retailers in the United States for approximately \$905,291, and
6 \$3,255,542, respectively. The Gree Companies knew that the
7 retailers wanted dehumidifiers that met all UL standards and did not
8 burn when overheated. The Gree Companies knew that Gree USA
9 represented to its retailers that the Gree dehumidifiers met all UL
10 standards. Gree USA's CEO, CFO and CAO knew that Gree USA's
11 representations that these Gree dehumidifiers met all UL standards
12 were false when these dehumidifiers were sold.

13 The Gree Companies Finally Report Their Defective Dehumidifiers
14 to the CPSC but Continue to Sell Those Dehumidifiers
15 in the United States

16 37. On March 14, 2013, Gree USA, Gree Zhuhai, and MJC America
17 made an initial report to the CPSC about their dehumidifiers. The
18 initial report stated that they had sold approximately 1.6 million
19 Gree dehumidifiers in the United States since 2010, and that
20 consumers who had purchased those dehumidifiers had reported fires,
21 overheating, smoke, odors, and property damage related to these
22 dehumidifiers. The initial report did not mention the defects in
23 the Gree dehumidifiers that caused the dehumidifiers to burn.

24 38. Gree USA sold at least 6,025 and 7,596 defective Gree
25 dehumidifiers in March and April 2013, respectively, to retailers in
26 the United States for approximately \$571,702 and \$799,244,
27 respectively. The Gree Companies knew that the retailers wanted
28 dehumidifiers that met all UL standards and did not burn when

1 overheated. The Gree Companies knew that Gree USA represented to
2 its retailers that the Gree dehumidifiers met all UL standards.
3 Gree USA's CEO, CFO and CAO knew that Gree USA's representations
4 that these Gree dehumidifiers met all UL standards were false when
5 these dehumidifiers were sold.

6 39. On April 23, 2013, the Chief Administrative Officer of Gree
7 USA received an independent test report showing that the plastic
8 used in four Gree dehumidifiers made in 2010, 2011, and 2012 did not
9 meet UL standards for fire resistance.

10 40. On April 30, 2013, Gree USA, Gree Zhuhai, and MJC America
11 made a second, more comprehensive report to the CPSC about their
12 defective Gree dehumidifiers. This report stated that Gree USA,
13 Gree Zhuhai, and MJC America sold approximately 1.84 million of the
14 Gree dehumidifiers and that they had not concluded that these Gree
15 dehumidifiers posed a substantial product hazard or that the
16 dehumidifiers needed to be recalled. This report listed nineteen
17 known consumer reports of fires involving Gree dehumidifiers with
18 all but one of the fires occurring between June 14, 2012 and April
19 15, 2013.

20 41. After their April 30, 2013 report to the CPSC, the Gree
21 Companies continued to receive consumer reports of fires caused by
22 Gree dehumidifiers.

23 42. The Gree Companies received at least \$9,500,000 from the
24 distribution and wholesale of defective Gree dehumidifiers from
25 September 2012 through April 2013. Additionally, the Gree Companies
26 received at least \$29,500,000 from the distribution and wholesale of
27 other non-defective Gree dehumidifiers from September 2012 through
28 April 2013.

43. United States consumers lost at least \$17,400,000 by purchasing defective and dangerous Gree dehumidifiers manufactured, distributed, or sold by the Gree Companies from September 2012 through April 2013.

44. From September 2012 to April 2013, United States consumers sustained at least \$2,100,000 worth of property damaged or destroyed in fires caused by the defective Gree dehumidifiers.

The Gree Companies Imported Their Defective Dehumidifiers
With False UL Certifications

45. Between 2010 and at least until September 2012, the Gree Companies imported into the United States Gree dehumidifiers with certifications that the dehumidifiers met all UL standards, when in fact the dehumidifiers did not meet UL standards.

The Gree Companies Finally Recall
Their Defective Dehumidifiers

46. By mid-July 2013, Gree Zhuhai decided to recall its defective Gree dehumidifiers and notified the CPSC of this decision. After making this decision, Gree Zhuhai started to plan for the recall.

47. On September 12, 2013, Gree Zhuhai and the CPSC announced a voluntary recall of 2.2 million Gree dehumidifiers in the United States.

48. Despite its recall, Gree Zhuhai has received hundreds of consumer reports of fires and overheating caused by defective Gree dehumidifiers. Consumers have reported more than 2,000 incidents involving Gree dehumidifiers, including 450 fires and more than \$19,000,000 in property damage.

49. No later than September 19, 2012, each of the Gree Companies had information which reasonably supported the conclusion that their Gree dehumidifiers: (1) contained defects which created a substantial product hazard, that is, a substantial risk of injury to the public; and (2) created an unreasonable risk of serious injury or death. After learning this information, each of the Gree Companies knowingly and willfully failed immediately to inform the United States Consumer Product Safety Commission about these dangerous defects in their Gree dehumidifiers or the dangerous risks posed by their Gree dehumidifiers.

50. As a result of the Gree Companies' failure to report immediately their defective Gree dehumidifiers to the United States Consumer Product Safety Commission, the Gree Companies were able to continue to distribute and wholesale their dehumidifiers, including defective Gree dehumidifiers, from September 2012 through April 2013, and received more than \$39,000,000 in proceeds from this distribution and wholesale of Gree dehumidifiers. For purposes of forfeiture, the approximately \$39,000,000 that the Gree Companies received are assets associated with their failure to report immediately their defective Gree dehumidifiers to the United States Consumer Product Safety Commission in violation of 15 U.S.C. §§ 2068(a)(4) and 2070.